

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05

EB-07 COME-00 OPIC-03 OMB-01 TRSE-00 /073 W

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R 240120Z AUG 76

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 6950

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E. O. 11652: N/A

TAGS: PINT, MX, PFOR, EIND, US

SUBJECT: AMCHAM CONVERSATION WITH MINISTER OF COMMERCE AND
INDUSTRY JOSE CAMPILLO SAINZ

REF: A) MEXICO 10706, B) MEXICO 10707, C) MEXICO 10820

SUMMARY: THE MINISTER OF COMMERCE AND INDUSTRY, JOSE
CAMPILLO SAINZ, (JCS) CALLED ON THE AMERICAN CHAMBER
OF COMMERCE IN MEXICO (AMCHAM) TO OBTAIN THE AMCHAM'S
ASSISTANCE IN COUNTERING THE CRITICISM OF MEXICO BY 76
U.S. CONGRESSMEN. END SUMMARY.

1. THE VISIT TO JCS RESULTED FROM A CALL IN THE AFTERNOON
OF AUGUST 17, SUBSEQUENT TO THE CONVERSATION REPORTED IN
MEXICO 10820, TO THE AMCHAM PRESIDENT ASKING HIM AND A
REPRESENTATIVE GROUP OF AMCHAM MEMBERS FOR BREAKFAST THE
FOLLOWING MORNING. AT THE BREAKFAST IT WAS MADE CLEAR
THAT THE INVITATION WAS WITH THE PRESIDENT'S KNOWLEDGE
AND THE AMCHAM WAS ASKED TO COOPERATE IN COUNTERING THE
STATEMENT BY THE 76 U.S. CONGRESSMEN WHICH, JCS SAID,
WAS CREATING PROBLEMS NOW, COULD DISRUPT THE FAVORABLE
DISPOSITION OF JLP'S ADMINISTRATION AND "COULD BUILD
UP TO U.S. MILITARY INTERVENTION". AFTER A DISCUSSION
AS TO THE ROLE THE AMCHAM COULD PLAY, IT WAS DECIDED
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THAT THE AMCHAM WOULD 1) PREPARE AND RELEASE A POSITIVE

STATEMENT CONCERNING MEXICO, WITHOUT, HOWEVER, OBVIOUSLY REBUTTING ISSUE BY ISSUE THE STATEMENTS MADE BY THE U.S. CONGRESSMEN, 2) PREPARE A CONFIDENTIAL BRIEFING PAPER ON MEXICO TO BE SENT BY AMCHAM MEMBERS TO THEIR HEADQUARTERS IN THE U.S. TO BE RELEASED OR USED AS THEIR HOME OFFICES SAW FIT, 3) CIRCULATE A BRIEF QUESTIONNAIRE AMONG AMCHAM MEMBERS WITH QUESTIONS SUCH AS ABOUT BUSINESS CONDITIONS, EXPANSION PLANS, AND CONCERN ABOUT MEXICO'S GOING COMMUNIST, 4) INVITE AND BRIEF U.S. JOURNALISTS COMING TO MEXICO FOR THE INFORME (STATE OF UNION MESSAGE) ON SEPTEMBER 1.

2. BEFORE THE BREAKFAST BEGAN JCS CONFIRMED TO THE GENERAL MOTORS REPRESENTATIVE THAT THE GM PROPOSAL TO BUILD MEXICAN DIESEL ENGINES FOR VEHICLES WAS BEING APPROVED AND LATER HE TOLD THE AMCHAM MEMBERS THAT HE HAD MADE A MISTAKE IN THE LAW OF PATENTS AND TRADEMARKS IN THE REQUIREMENTS FOR DUAL TRADEMARKS FOR ALL PRODUCTS. DUAL TRADEMARKS, HE SAID, WOULD NOT BE REQUIRED FOR PRODUCTS WHICH ALREADY HAD MEXICAN TRADEMARKS FOR WHICH ROYALTIES WERE NOT BEING COLLECTED.

3. ON SATURDAY, AUGUST 21, THE STATEMENT BY THE AMCHAM PRESIDENT RECEIVED FRONT-PAGE TREATMENT BY THE MEXICA

PRESS. FOLLOWING IS A SUMMARY OF THE STATEMENT WHICH SUBSEQUENTLY APPEARED IN THE PRESS AS A PAID ADVERTISEMENT:

THE AMCHAM, WHICH REPRESENTS AMERICAN BUSINESS AND INVESTMENT IN MEXICO, TODAY AFFIRMED ITS FAITH IN "MEXICO'S DEDICATION TO A FREE AND DEMOCRATIC SOCIETY".

THE MEXICAN GOVERNMENT HAS REJECTED ALL IMPORTED IDEOLOGIES AND THE AMERICAN BUSINESS COMMUNITY IN MEXICO "IS COOPERATING WITH MEXICAN EFFORTS TO ACHIEVE ECONOMIC DEVELOPMENT".

THE RESULTS OF RECENT SURVEYS ON FOREIGN INVESTMENT IN MEXICO INDICATED THAT FOREIGN INVESTMENT HAD REACHED THE FIGURE OF 5 BILLION DOLLARS, THE FACT THAT FOREIGN CAPITAL CONTINUED TO ENTER THE COUNTRY CONSTITUTED LIMITED OFFICIAL USE

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"CLEAR AND CONCLUSIVE EVIDENCE OF THE CONFIDENCE OF AMERICAN INVESTORS AND BUSINESSMEN IN THE POLITICAL AND ECONOMIC FUTURE OF MEXICO, INASMUCH AS THESE PERSONS UNDERSTAND THE REAL SITUATION IN THIS COUNTRY."

"ON NUMEROUS OCCASIONS THE PRESENT PRESIDENT OF MEXICO, LUIS ECHEVERRIA ALVAREZ, THE PRESIDENT-ELECT, JOSE LOPEZ PORTILLO, AND OTHER HIGH OFFICIALS HAVE CLEARLY EXPRESSED THEIR AIM OF ESTABLISHING AN

APPROPRIATE MIXED ECONOMY SYSTEM WITH THE
PARTICIPATION OF THE PUBLIC AND PRIVATE SECTORS.
THEY HAVE FIRMLY REJECTED IDEOLOGIES INCOMPATIBLE
WITH MEXICAN REALITIES AND SEEK ONLY THE MOST
APPROPRIATE MEANS OF INCREASING AND DISTRIBUTING

THE NATIONAL WEALTH MORE EQUITABLY WITHOUT SACRI-
FICING INDIVIDUAL LIBERTIES."

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

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THIS CONFIDENCE IN MEXICO'S FUTURE "CAN BE
FELT IN OUR STATEMENTS AS WELL AS IN OUR DEEDS. THE
AMCHAM HAS ALWAYS MAINTAINED CORDIAL RELATIONS WITH
THE MEXICAN GOVERNMENT IN MATTERS AFFECTING BUSINESS
AND INVESTMENT, AND IT HAS ALWAYS SCRUPULOUSLY AVOIDED
ANY INVOLVEMENT IN INTERNAL POLITICAL MATTERS."

"OUR ORGANIZATION ON MANY OCCASIONS HAS RECEIVED
GUARANTEES TO THE EFFECT THAT FOREIGN INVESTMENT IS
WELCOME IN MEXICO OWING TO ITS VITAL CONTRIBUTIONS
TO TECHNOLOGY, THE FORMATION OF CAPITAL, TAX CONTRI-
BUTIONS, EXPORTS AND THE GENERATION OF EMPLOYMENT.
MEXICAN LAWS ON FOREIGN INVESTMENT DO NOT DISCOURAGE
THIS CLOSE COLLABORATION, BUT RATHER DIRECT RESOURCES
TO THE AREA AND ENTERPRISES IN WHICH THEY WILL HAVE
THE GREATEST EFFECT."

A RECENT SURVEY CARRIED OUT BY THE STANFORD
RESEARCH INSTITUTE, AN INDEPENDENT RESEARCH FIRM OF

INTERNATIONAL REPUTATION, AMONG COMPANIES REPRESENTING 41 PERCENT OF AMERICAN INVESTMENT IN MEXICO, SHOWED THAT DIRECT FOREIGN INVESTMENT HAS MADE POSITIVE CONTRIBUTIONS TO MEXICO'S ECONOMIC DEVELOPMENT. "IT IS FURTHER SIGNIFICANT THAT NONE OF THE FIRMS INTERVIEWED SHOWED THE SLIGHTEST CONCERN OVER CERTAIN STATEMENTS MADE BY HOSTILE MINORITIES OR ISOLATED ACTS OF TERRORISM. AMONG THE FIRMS INTERVIEWED, REINVESTMENT LIMITED OFFICIAL USE

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OF PROFITS INCREASED FROM 60 PERCENT IN 1970 TO 72 PERCENT IN 1974, AND RECENTLY CONCLUDED STUDIES AMONG THE MEMBERS OF AMCHAM MEXICO SHOW THAT THE PERCENTAGE OF PROFITS REINVESTED IN 1975 WAS EVEN GREATER, AN AVERAGE OF 76.2 PERCENT."

"THIS OPTIMISTIC EVALUATION OF THE POLITICAL STABILITY AND OF THE FUTURE OF THE MEXICAN ECONOMY IS NOT LIMITED TO INVESTORS WHOSE POINTS OF VIEW COULD BE AFFECTED BY THEIR INTERESTS AND INVESTMENTS IN MEXICO. A REPORT IN BUSINESS WEEK MAGAZINE THIS WEEK POINTED OUT THAT FOREIGN INVESTMENT IN MEXICO INCREASED TO A TOTAL OF 5 BILLIONS DOLLARS IN 1975, NOTING THAT INTERNATIONAL CREDIT INSTITUTIONS CONSIDER MEXICO TO BE A RESPECTED AND RESPONSIBLE CUSTOMER. IT IS UNFORTUNATE THAT CRITICISM WITHOUT DOCUMENTARY EVIDENCE HAS BEEN EXPLOITED FOR PROPAGANDA PURPOSES. SUCH OCCURENCES SERIOUSLY UNDERMINE THE WORK OF THE AMCHAM, WHICH SEEKS TO MAINTAIN AND IMPROVE FRIENDLY RELATIONS BETWEEN THE TWO COUNTRIES AND INCREASE RELATIONS WITH OUR COLLEAGUES IN MEXICAN PUBLIC AND PRIVATE SECTORS. NEVERTHELESS, WE WILL CONTINUE OUR TASK OF DEMONSTRATING THE CONTRIBUTIONS OF THE SYSTEM OF FREE ENTERPRISE AND FOREIGN INVESTMENT TO MEXICO, AS WE WILL CONTINUE TO SUPPORT MEXICO'S OBJECTIVE OF BUILDING ITS ECONOMY ON BASES FAVORABLE TO MEXICO AND BENEFICIAL BOTH TO MEXICO AND TO ALL DOMESTIC OR FOREIGN BUSINESS COMMUNITIES." END STATEMENT.

4. SATURDAY NEWSPAPERS ALSO PROMINENTLY QUOTED "A PROMINENT U.S. OFFICIAL" INDICATING THAT A STATEMENT UNDER PREPARATION IN THE WHITE HOUSE WILL CONSTITUTE A PERSONAL REJECTION BY PRESIDENT FORD OF THE STATEMENT BY THE 76 CONGRESSMEN. THIS REJECTION WILL BE AT LEAST EQUALLY EMPHATIC AS THE REJECTION HE MADE LAST MAY OF SIMILAR STATEMENTS BY 35 CONGRESSMEN, THE MEXICAN PRESS STATED.

5. COMMENT: THE AMCHAM IS AWARE THAT IT IS BEING USED BY JCS IN HIS REQUEST TO COUNTER THE LETTER FROM THE CONGRESSMEN, (SOME NEWSPAPERS INDICATED

THE AMCHAM STATEMENT WAS A REPLY TO THE LETTER),
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BUT FELT IT HAD NO CHOICE OTHER THAN TO BE RESPONSIVE TO THE GOM REQUEST. THE DEVELOPMENT OF THE AMCHAM AND OF THE BUSINESS OF ITS MEMBERS IS DEPENDENT UPON GOOD FEELINGS BETWEEN THE TWO NATIONS AND THE PROGRESS OF THEIR INDIVIDUAL COMPANIES IS DEPENDENT UPON NUMEROUS ADMINISTRATIVE DECISIONS BY GOM AGENCIES. IN ADDITION TO THE ABOVE STICK, THE GOM HELD OUT THE CARROT OF A NEW DIESEL PLANT FOR GENERAL MOTORS AND A HELPFUL MODIFICATION IN THE TRADEMARK LAW. THIS ACCOUNTS FOR THE DICHOTOMY BETWEEN THEIR PUBLIC APPROBATION OF THE FOREIGN INVESTMENT LAW AND THEIR PRIVATE CONCERN ABOUT THIS LAW EXPRESSED BY JLP(EMBASSY 10820).

6. THE JCS APPEAL TO THE AMCHAM FOR HELP IS ONE MORE ILLUSTRATION OF ECHEVERRIA'S SENSITIVITY CONCERNING THE CRITICISM OF MEXICO IN THE CONGRESSIONAL LETTER. THE RAPIDITY WITH WHICH THIS SCENARIO WAS PLAYED MAY INDICATE THAT PRESIDENT ECHEVERRIA WISHED TO DEFUSE THIS ISSUE BEFORE HE GOES TO SAN ANTONIO ON SEPT. 7 TO INAUGURATE THE MEXICAN FAIR. IN OUR OPINION(SHARED BY SOME IN AMCHAM ITSELF) AMCHAM IS OVER-REACTING TO BE "SERVICEABLE".

JOVA

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